

Message Text

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PAGE 01 ADDIS 05771 151537Z

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ACTION AF-06

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FOR AF/E

FOR AF/EPS

E.O. 11652: N/A

TAGS: BTIO EMIN ET

SUBJECT: EPMG INTEREST IN OBTAINING US GOLD MINING EQUIPMENT

REF: A) STATE 56774 (3/21/74); B) ADDIS ABABA 2908 (E/15/74)
C) ADDIS ABABA A-139 OF 8/2/73

1. THE NEWLY ESTABLISHED MINING DEPARTMENT OF THE MINISTRY OF NATIONAL RESOURCES DEVELOPMENT HAS BEEN ASSIGNED THE RESPONSIBILITY FOR THE OPERATION OF THE NATIONALIZED ADOLA GOLD MINE IN SIDAMO PROVINCE. DEPARTMENT HEAD ATO SHEBELLE TEMTIME RECENTLY PROVIDED EMBOFFS WITH A FULL BRIEFING ON ADOLA EXPANSION PLANS. ACCORDING TO ATO SHEBELLE, AN AGREEMENT (CF REFC) WITH A CANADIAN FIRM TO OPERATE ADOLA IS NO LONGER IN FORCE. SINCE PRECIOUS MINERAL MINING OPERATIONS ARE NOW 100 PERCENT GOVERNMENT CONTROLLED, THE EPMG INTENDS TO UNDERTAKE AN EXPANSION PROGRAM WITH ITS OWN RESOURCES. THE PROGRAM WILL EVENTUALLY INCREASE ADOLA'S ANNUAL PRODUCTION FROM THE CURRENT 25,000 OZS. TO 80-100,000OZS. DURING THE NEXT 6-7 WEEKS TWO UNDP FUNDED EXPERTS (ONE US, ONE W. GERMAN) WILL STUDY ADOLA OPERATIONS WITH A VIEW TO MAKING RECOMMENDATIONS FOR EXPANSION.

2. ATO SHEBELLE INTENDS TO PURCHASE US EQUIPMENT (AND HAS
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PAGE 02 ADDIS 05771 151537Z

SO INFORMED HIS MINISTER) BECAUSE EXPERIENCE AT ADOLA WITH

A VARIETY OF EQUIPMENT HAS DEMONSTRATED THAT ONLY US EQUIPMENT HAD THE QUALITY AND DURABILITY THAT THE OPERATION REQUIRED. MOREOVER, US FIRMS CONTINUE TO SUPPLY SPARE PARTS. HE NOTED THAT A US DRAG LINE HAS BEEN FUNCTIONING FOR 20 YEARS AT THE MINE WITH NO MAJOR PROBLEMS. ATO SHEBELLE ESTIMATED THAT EQUIPMENT PROCUREMENT WILL INVOLVE ABOUT US \$10 MILLION WORTH OF WASHING PLANTS, DRAG LINES, TRUCKS AND EARTH MOVING EQUIPMENT. IN ADDITION ATO SHEBELLE SAID THAT ADOLA WOULD PROBABLY SOON BE IN THE MARKET(ON A CONTRACT BASIS) FOR A SURFACE(ALLUVIAL) MINING ENGINEER, A HYDRAULIC ENGINEER AND A MINING ECONOMIST. HE ALSO EXPRESSED AN INTEREST IN AMERICANS FOR THESE POSITIONS.

3. ACTION REQUESTED: THAT USDOC PROMPTLY INFORM US MINING AND EARTH MOVING EQUIPMENT SUPPLIERS OF THE ABOVE TRADE OPPORTUNITY AND RECOMMEND THAT THEY COMMUNICATE WITH ATO SHEBELLE TEMTIME, HEAD, MINING DEPARTMENT, MINISTRY OF NATIONAL RESOURCES DEVELOPMENT, P.O. BOX 704, ADDIS ABABA. WE WOULD ALSO APPRECIATE A USDOC ASSESSMENT OF US SUPPLIER INTEREST WHICH WE WOULD PASS ON TO ATO SHEBELLE, ALSO PER PARA 2 ABOVE THE EMBASSY WOULD LIKE AN UPDATE OF THE LIST OF INDIVIDUALS PROVIDED IN REF A.

4. BEGIN LOU. COMMENT: THE EPMG'S INTENTION TO EXPAND ADOLA WITH GOVERNMENT RESOURCES IS AN ENCOURAGING DEVELOPMENT. ALTHOUGH ATO SHEBELLE WAS TRAINED IN EASTERN EUROPE AS A GEOLOGIST/MINING ENGINEER HE CLEARLY FAVORS US EQUIPMENT. IF OTHER EPMG OFFICIALS ADOPT THE SAME PRAGMATIC APPROACH, THERE MAY WELL BE GROWING TRADE OPPORTUNITIES IN ETHIOPIA FOR WELL-INFORMED AND AGGRESSIVE US EXPORTERS. THE EMBASSY BELIEVES THAT EVERY EFFORT SHOULD BE MADE TO PRESS THIS PARTICULAR TRADE OPPORTUNITY AS SUCCESS HERE SHOULD OPEN OTHER DOORS FOR US PRODUCTS. IN THIS CONNECTION, THE MINISTER OF FINANCE RECENTLY OBSERVED TO THE AMBASSADOR THAT HE THOUGHT THE EPMG WOULD PROBABLY INCREASE ITS PURCHASES OF US CAPITAL GOODS FOR ITS DEVELOPMENT PROJECTS AS US TECHNOLOGY IS THE BEST AND OWING TO DEVALUATIONS OUR PRODUCTS ARE PRICE COMPETITIVE.

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